

Saverline

Vigo County Public Library

REFERENCE  
DONOR ACQUISITION

# Saverline files Chapter 11 while getting house in order

Community Affairs File

*Business & Industry (WV)*  
Saverline Corp., a discount long-distance telephone service organized in April 1982 in Terre Haute, has filed bankruptcy.

Saverline filed under Chapter 11 of the Federal Bankruptcy Act, meaning the company may obtain a federal court order that frees it from the threat of creditors' lawsuits until it can develop a plan to put its finances in order.

A summary of assets and debts has not yet been filed with the clerk's office in Indianapolis.

A deputy clerk requesting anonymity said a business can continue under Chapter 11, and

the plan to pay back creditors may be by reorganization of the business or by liquidation. The plan must be approved by a majority of the creditors and usually is not submitted until a year or two after the first petition is filed, the deputy clerk said.

"In order to preserve and protect our customer base and the service we provide, Saverline Corp. has filed for Chapter 11 reorganization," said Larry E. Butler, chairman and chief executive officer, who described the filing as a legal decision. "We do not anticipate any disruption of service.

*TS JUN 19 1986*  
This action will be totally transparent to our customers."

He said the management and employees would remain the same.

Butler declined to reveal the business's assets and debts or the general outline of the proposed reorganization until those items are filed as a regular part of the Chapter 11 proceedings.

Saverline serves parts of Indiana and Ohio.

"As far as we're concerned, it's business as usual, and we're rapidly expanding into the state of Ohio," Butler said.

# Saverline not on GTE ballot, but local firm vows to compete

People who want Saverline Corp. to be their long-distance carrier will have to contact that company themselves; Terre Haute's first — and, for a time, only — alternate long-distance carrier will not be listed on GTE's equal access ballot.

"Yes, we are participating," said Terry Wenzel, Saverline's vice president of sales and administration. "We didn't make it on the first ballot, but we will be on the second ballot. We have subscribed to equal access; it was purely a lag in paperwork."

But while Wenzel says customers will be able to use Saverline in the equal access mode when the cutover is made on Dec. 13, GTE officials are unsure about that.

"At this point, they have not ordered the facilities," Mike Berry, communications manager for General Telephone of Indiana, said Friday after checking with various departments at GTE's Fort Wayne headquarters. But, he added, "that doesn't mean they aren't going to call us Monday and ask for them."

Eric Meister, GTE's Southwestern Division manager, said one reason potential long-

distance carriers were asked to tell GTE of their intent to participate in equal access 120 days in advance of the Dec. 13 cutover date was to insure that GTE had sufficient equipment available to hook them up.

Because Saverline failed to apply before that cutoff date, it may not be possible to have that firm hooked up in time.

Saverline also will not be included on the second ballot, which will go out Jan. 14 to those who fail to return the first ballot, which will be mailed next Sunday.

"How can they be on the second

ballot if they're not on the first?" Meister asked during a three-way conference call with The Tribune-Star and Berry.

"They can't," Berry said.

That's not to say that Saverline will never be hooked up to equal access — and Wenzel said it does intend to offer the service to its customers — but there is the possibility that Saverline will not be on-line on Dec. 13.

"A company can order even after the ballots have gone out," Meister said, but may not be switched over at the same time as companies which did make the deadline.

Wenzel said Saverline has mailed out its own ballots and will take its returns to GTE.

Saverline now originates long-distance service from 45 to 50 Indiana communities, 20 in Ohio and two in Illinois with two more Illinois towns slated for service by the end of this year.

The Terre Haute-based firm filed this summer for protection from its creditors under Chapter 11 of the Federal Bankruptcy Act. The court is considering that petition.

— Jan Chait

BUSINESS & INDUSTRY (WV)  
15 SEP 07 1986



**SAVERLINE**  
America's Hometown Long Distance

Community Affairs File

Vigo County Public Library

REFERENCE  
DO NOT CIRCULATE



Saverline Corp.

## Saverline vows more prosecutions

*Business and Industry (W)*  
By Jan Chait <sup>Ts</sup> JAN 30 1987  
Tribune-Star Staff Reporter

A Saverline Corp. official says the arrests of eight juveniles in Richmond for illegally using the long-distance company's access codes is only the beginning.

"Theft is theft," said Terry Wenzel, vice president of sales and administration, adding the company plans to actively pursue any fraudulent use of its service.

"We're certainly not stopping in Richmond," Wenzel said Thursday from the company's office at 1472 Wabash Ave. "Once we find [other illegal users], we're going to prosecute to the fullest extent of

the law."

Police arrested the eight Richmond youths Wednesday and charged them with using their personal computers to obtain Saverline's access codes.

Computer fraud is a federal offense which carries a fine of up to \$50,000 and up to 15 years in prison.

Wenzel said Saverline lost more than \$22,500 in the Richmond area since October because of the illegal use of its service.

Wednesday's action marks the first time authorities have been able to make arrests in connection with illegal use of Saverline's access codes, although it isn't the first time it's happened.

Saverline estimates it loses between \$250,000 and \$300,000 per year through fraudulent calls. Industry-wide, the loss amounts to more than \$1 billion a year.

Wenzel credits the development of a software program by James D. Clark, Saverline's director of research and development, for catching the perpetrators.

In essence, the program screens calls made by Saverline customers and calls attention to any aberrations in a particular person's regular calling pattern.

The program also is able to trace the calls to their point of origin.

Calls can be detected while they're taking place or as long as 30 days afterward, Wenzel said.

REFERENCE  
DO NOT CIRCULATE

Community Affairs File

Vigo County Public Library

Saverline

Vigo County Public Library

REFERENCE  
DO NOT CIRCULATE

Community Affairs File

## Teen computer hacker facing charges

**FEB 24 1986**  
**By Patrick J. Barnes**  
*Tribune-Star Staff Reporter*

Saverline, a Terre Haute-based firm, has lost more than \$1,500 because of the illegal work of a 17-year-old computer hacker.

Gene Davies, vice president of Saverline Corp., said Friday that a joint investigation by the FBI and Terre Haute Police Department resulted in the teen-ager's arrest for illegally obtaining access phone numbers and then placing long-distance calls.

The boy has been charged in Vigo County Juvenile Court with theft

of services from Saverline, a firm that offers discount rates for long-distance service.

The youngster, according to investigators, obtained access telephone numbers by using his home computer.

Access telephone numbers are similar to telephone credit-card numbers and are used to charge long-distance phone calls.

Terre Haute Police juvenile division Sgt. Roger Hall said the teen-ager made at least \$1,500 worth of illegal telephone calls.

"The parents of this youngster are liable and we intend to demand that restitution be made," Davies said. "Anyone arrested and con-

victed of computer hacking is going to be prosecuted. Computer hacking is plain and simple — fraud."

FBI agent Martin Rikken confirmed the teen-ager had been interviewed and admitted to making the illegal telephone calls by using his home computer.

The investigation, Rikken said, was turned over to city police because federal agents lacked jurisdiction over a juvenile.

Hall said the youngster "was very cooperative" with investigators.

"He provided us with a lot of information about computer hacking," Hall said. "It's really a pretty sophisticated way of using a com-

puter to obtain access telephone numbers."

Hall said once an access number is obtained by the hacker, he or she can then place long-distance calls anywhere in the country. "The holder of the access number is then billed for those calls," Hall said.

Davies said that computer hacking appears to be most prevalent in communities having colleges or universities.

"Some of these youngsters are able to break into the security systems and then they sell that information to others," Davies said.

"We have safeguards and we're continually improving on those systems," Davies said.



Saverline

Community Affairs File

## Saverline says fiber optics will help keep prices down

Business + Industry (WU)

By Dick Robinson

Tribune-Star Staff Reporter

T - JUL 3 1986

Saverline expects to utilize fiber optics within the next few months as the latest advancement in its telecommunication services, company vice president Terry Wenzel said Wednesday.

Saverline was committed to adopting fiber optics before it filed for protection from creditors under federal bankruptcy laws.

As water travels through a garden hose, light can similarly travel through fiber optics. Strands of glass as thin as wire carry light containing a digital code for voice and data transmission that only a computer can understand.

"Beyond the quality enhancements possible by fiber optics, Saverline will offer other services beyond the conventional long-distance service we now provide," Wenzel said. "This change allows us to eliminate costly AT&T-type facilities which we presently utilize, thus enabling us to reduce costs of transmission and hold the line on customer rates."

Saverline is not building or

investing in the fiber optics system. Litel Corp. of Worthington, Ohio, owns the network and is the vendor, and Saverline is the customer passing along the service to its subscribers.

The agreement with Litel provides for the elimination of WATS lines, Wenzel said, and allows Saverline to fix costs over a number of years.

"It means we can hold prices down, stabilize costs," he said. "It is our intent not to raise rates."

Wenzel said Saverline will add service to five more Indiana communities this week, along with five more in Ohio. By the end of August, the company will add another 10 communities in Ohio and two more in Illinois.

As Saverline converts to fiber optics, it will participate in the equal access, dial-1 balloting. Customers selecting Saverline will dial 1 to gain access the network instead of punching several numbers to get a line.

Terre Haute and Brazil telephone customers, in selected exchanges, are to receive ballots in September, and conversion to equal access is set for Dec. 13.

REFERENCE  
DO NOT CIRCULATE

Vigo County Public Library

Saverline

# Saverline sells holdings to an Ohio-based company

Business & Industry (WV)

By Dick Robinson  
Tribune-Star Staff Reporter

Saverline Corp., the Terre Haute-based long distance telecommunication company, recently sold its remaining holdings to an Ohio firm, Saverline president Larry E. Butler said Tuesday.

Butler would not disclose the name of the new owner, saying, "The customer will not be affected."

Saverline customers have been using the new owners' network for the last 18 months, Butler added.

LiTel Telecommunications Corp., based at Worthington, Ohio, until recently, had an agreement to provide fiber optic telecommunication services to selected areas served by Saverline.

In early September, LiTel acquired that portion of Saverline's customer base where it had an interest. The agreement involved

approximately 3,000 Saverline long distance customers in Indiana and Ohio. Saverline's Terre Haute customers were involved in the September transaction. That portion of Saverline's business acquired by LiTel were those communities in fiber optics network.

Carol McBurney, spokesperson for LiTel, said she was not aware of any transaction involving LiTel and Saverline's remaining cities. The northern Indiana cities not acquired by LiTel in September included Kendallville, Decatur, Auburn and Bluffton. McBurney was not aware of any Ohio-based company that might be interested in Saverline's remaining holdings.

Customer prices aren't expected to rise with the new ownership, but the quality may improve, Butler said.

"I think it's healthy for the customers," he said.

The fate of Saverline employees

are in the hands of the new owners. Butler said the new owners have interviewed some workers and made some offers, but he was not at liberty to comment.

Saverline opened here in 1982 as Mid-American Communications Corp. In 1983, the firm became the only licensed company in Indiana to provide long distance services other than the conventional telephone companies.

The original company was privately held with more than three dozen stockholders. The company began with 15 employees and reached a peak of 35, Butler said.

Since early 1986, Saverline has operated under provisions of Chapter 11 of the Federal Bankruptcy Act.

Butler was uncertain about his personal plans. He had launched the telecommunication business after a career with a major telephone company.

REFERENCE  
DO NOT CIRCULATE

Community Affairs File

Vigo County Public Library



# Eight teens charged in Saverline theft

TS JAN 29 1987 Business and Industry (WB)  
Eight juveniles were arrested Wednesday in Richmond and charged with using their personal computers to obtain access codes to a long-distance telephone service, officials said.

The eight youths are believed responsible for making an average of \$7,500 in calls each month through Saverline Corp. of Terre Haute, Richmond Police Chief Joseph A. Nimitz told The Associated Press.

Saverline president Larry E. Butler said he understood all the youths were from the Richmond area.

The Richmond Police Department made the arrests in cooperation with the Federal Bureau of Investiga-

tion, which had conducted an investigation after calls were made out of state.

Butler credited Jim Clark, Saverline's director of research and development, with developing the computer software that enabled authorities to nab the youngsters.

"He evolved a software system that was able to interface with various telephone companies to screen calls and numbers to determine if the calls were made fraudulently," Butler said.

The eight youths made the calls from their homes scattered throughout the city, officials said.

Butler said the fraudulent calls cost the company

\$21,000 since October from the Richmond area alone, "and the problem is broader in scope than the Richmond area."

An FBI official who asked not to be identified said the U.S. attorney's office declined to prosecute the case after it was determined those involved were juveniles.

Nimitz said the youths would be charged with theft, a class-D felony. Parents were allowed to take the youths to police headquarters after warrants were delivered to their homes Wednesday. They were released after processing.

The firm has scheduled a 9 a.m. news conference in the Saverline office at 1472 Wabash Ave.

REFERENCE  
DO NOT CIRCULATE

Community Affairs File

Vigo County Public Library

*Saverline*

Community Affairs File

# Saverline official charges GTE could hold line on costs

*Business & Industry (W.U.)*

T. FEB 21 1984

**By Joe Baker**  
*Tribune-Star Staff Reporter*

An official for Saverline Corp., a local long-distance telephone service, charged Monday that General Telephone Co. of Indiana would not have to resort to local-measured service to hold the line on local rates — if it cut its rate of return to stockholders.

GTE's rate of return on equity has been above 15 percent from 1978 through 1982, except 1980 when inflation cut returns to 13.9 percent.

Charles J. Hutson, Saverline vice president, marketing, said if GTE cut its rate of return in half, today's local service could remain intact.

GTE is proposing local measured service, in which a charge for each local call would be assessed.

Local GTE Manager Eric Meister said \$15 basic service charges will soar to \$40 in the next four to five years as telephone deregulation takes hold.

GTE, like all telephone companies, has been subsidizing local service with long-distance revenues by 40 percent, but deregulation has forced companies to attach true costs to their services.

So far telephone companies have been unable to recoup the revenue subsidizing local service because of legislation blocking measured service and access charges through

April 1985.

Saverline apparently has a stake in rejecting GTE overtures supporting measured service.

In a letter to Rep. B. Patrick Bauer, D-South Bend, Hutson thanked Bauer for supporting a continued ban of measured service.

Hutson said measured service, placed in effect before all phone systems had equal access to phone lines, would cancel Saverline savings and threaten its existence.

"If local measured service is allowed to become law prior to equal access implementation, our employees, company and industry are out of business in Indiana," Hutson said.

REFERENCE  
DO NOT CIRCULATE

Vigo County Public Library



# Saverline to expand long-distance service

Business + Ind. (B.I.)  
Community Affairs File

T S MAR 5 1984

Saverline Corp., 200 S. Eighth St., will expand its discount long-distance service network into Bloomington, Ind., in March and into Washington, Ind., and Lawrenceville, Ill., in April, according to Larry E. Butler, chairman of the board and chief executive officer.

In addition, the firm will spend between \$150,000 and \$200,000 to increase its capacity in Columbus and add a new switching center in Vincennes.

Butler also said that Saverline will reimburse its customers for up to 25 percent of the cost of direct-dial services in certain instances.

"In the event of some catastrophe such as flood, tornado or other disaster which results in a disruption of Saverline service of over 24 hours, customers can now be compensated," he said in a prepared statement.

"This compensation can be up to 25 percent of the cost of telephone company direct-dial charges during the period our service is down. The only requirement ... is that they [customers] must provide a copy of the phone bill showing the calls."

Saverline is available from Terre Haute, Brazil, Columbus, Elkhart, Fort Wayne, Goshen, Greensburg, Indianapolis, Lafayette, Michigan City, Mishawaka, Seymour, South Bend, Vincennes and Niles, Mich.

The only equipment necessary to use Saverline to call anywhere in the continental United States, Puerto Rico or the Virgin Islands is a tone-emitting telephone.

TRAVELNET, another service available from Saverline, allows customers to save on credit-card, third-party and collect calls from the same locations by first calling a toll-free number.

Saverline

Community Affairs File

DO NOT CIRCULATE

Vigo County Public Library

*Saverline*  
*Business & Profit (W.V.)*

# Saverline's revenues increase, with firm planning stock offering

*Community Affairs File*

By Jan Chait  
Tribune-Star Staff Reporter

Saverline is an idea that is quickly catching on.

Formed just 17 months ago, Saverline Corp., a discount long-distance telephone service with headquarters at 200 S. Eighth St., has increased monthly gross revenues from \$25,000 to more than \$447,000 and began making a profit in January.

Hoping to capitalize on the expanding market, Saverline plans to increase its operations and services by raising \$5 million by selling 625,000 shares of common stock. Each share of stock will have a \$8 price tag for Hoosiers, Larry E.

Butler, the firm's president and executive officer, said Tuesday.

"Immediate growth plans call for an increase from six network switching centers serving 20 cities to 16 network switching centers serving 37 cities," Butler said.

Plans to develop a national market for Travelnet, a service currently available only to Saverline customers, are also in the works, Butler said. Travelnet allows customers to place discount long-distance telephone calls from anywhere in the continental United States, Puerto Rico or the Virgin Islands by first dialing a toll-free 800 access number.

Stock sales will result in about 75 to 100 immediate sales positions and

between 150 and 200 long-term permanent positions within the year. Saverline officials are consulting with real estate representatives and city officials about office expansion possibilities to accommodate the additional personnel.

Statewide, Saverline plans to add up to 1,500 jobs for Hoosiers in connection with the sale of securities.

Approval for the firm to sell stock to the public is expected to be granted Thursday by the Indiana Public Service Commission. If approval is granted, it will come just one week after the Securities Division of the Indiana Secretary of State's Office gave its permission to issue stock.

REFERENCE  
DO NOT CIRCULATE

Vigo County Public Library



*Saverline Corp*

Community Affairs File

APR 22 1984

# Stock sale could mean 200 jobs

*Business & Industry / W.U.*  
Sale of 625,000 shares of stock in Saverline Corp., locally-based discount long-distance telephone service, won Public Service Commission approval late last week.

The PSC approval on Thursday came just a year and a day from the commission's granting Saverline permission to expand its long-distance calling service.

The 625,000 shares of stock in Saverline to be offered to the public represent 38.5 percent of the ownership. Larry E. Butler, the

firm's president and chief executive officer, said the original 34 investors hold the remaining stock.

The minimum investment is \$1,000, or 125 shares at \$8 each, and the maximum single sale will be \$25,000, or 3,125 shares, Butler said.

Butler said stock purchasers could consider it a long-term investment. "The track record and operating history should be indicators there is opportunity there," he said.

Saverline Corp. opened here 37 months ago as Mid-American Com-

munications Corp. and is going public with the stock issue to raise \$5 million.

A major element in the \$5 million expansion will be to increase the present six network system serving 20 communities to 16 networks serving 37 cities, Butler said.

This will mean immediate work for up to 100 sales representatives and eventually up to 200 permanent positions in Terre Haute, he said. The company now has 30 employees here.

REFERENCE  
DO NOT CIRCULATE

Vigo County Public Library

*Saverline Corp*



LARRY E. BUTLER

Plans active role

*Business + Industry (Mich)*

## Saverline official on gov's panel

15 MAY 7 1984

*Community Affairs File*  
Larry E. Butler, chairman of the board and president of Saverline Corp., has been selected to serve on the specialist panel of the Governor's Committee on Indiana's Utility Future.

The purpose of the panel is to serve as a resource group to the committee and serve to identify problems and solutions to the issues in the Indiana regulatory scene.

"There are many issues affecting the public interest in the telecommunications and other regulated industries," Butler said. "I plan to take an active role in presenting our position on these issues which will have a positive effect on our customers and the citizens of Indiana."

Butler also said that Saverline, Indiana's largest discount long-distance telephone service, is going public to raise \$5 million by offering 625,000 shares of company stock for \$8 per share.

Community Affairs File

Vigo County Public Library

DO NOT CIRCULATE



*Bus. & Ind. (W.V.)*

Ts MAY 31 1985

# Saverline begins marketing its new-name long-distance service

By Jan Chait  
Tribune-Star Staff Reporter

Saverline Corp., 1472 Wabash Ave., announced Wednesday it has changed the name of its Travelnet service to Traveline and is marketing the discount long-distance telephone service nationwide.

Customers can gain access to the service by using a tone-emitting telephone to call a toll-free number. The individual's access code is then entered, followed by the telephone number of the person being called.

Traveline is being marketed separately from Saverline.

Larry E. Butler, president and chief executive officer of the Terre

Haute firm, said the company is currently hiring personnel to staff the Traveline marketing center, 200 S. Eighth St.

Terry Wenzel, director of sales and marketing, said four persons had been hired as of Wednesday and he had interviews scheduled for that afternoon.

It is expected that 20 persons will be added to Saverline's current staff of 35 persons by the end of June.

Butler said Traveline initially is begin targeted toward the trucking industry, because of the volume of truckers on the road and because it's an easy market to identify.

Saverline recently attended the Southern Trucking Show in

Charlotte, N.C., and plans to attend three more between now and August. Butler also said a national distribution program has been initiated, with information about Traveline being placed in 360 truck stops across the nation.

Butler added, Traveline is not just for truckers. "We're investigating others," he said, including large Fortune 1,000 companies, manufacturer's representatives, insurance and real-estate brokers and others.

Saverline's market tests indicate that, by late 1986, Traveline will produce at least 100,000 users nationwide, and will generate more than \$20 million in additional revenues.

*Saverline Corp.*

Community Affairs

REFERENCE  
DO NOT CIRCULATE

Vigo County Public Library

*Business & Industry (WU)*

## Firm drops monthly fee

Saverline Corp., a discount long-distance telephone service, has discontinued charging its customers a \$7.50 monthly service fee.

Larry E. Butler, chairman of the board and chief executive officer of the firm, said the charge was dropped in order to thank the customer and to remain competitive.

"Saverline has been serving hundreds of customers in the Terre Haute area for some time now," Butler said in a prepared release. "A number of these customers have been charged a monthly base service fee of \$7.50.

"Because of our rapid growth and success, and in order to maintain our competitive dominance, effective immediately, all customers in Terre Haute will no longer pay the \$7.50 monthly fee."

The Terre Haute-based firm has been providing discount long-distance telephone service since October 1982. It operates in 35 Indiana communities.

**T s MAY 12 1985**

REFERENCE  
DO NOT CIRCULATE

Community Affairs File

Vigo County Public Library

*Saverline Corp*

*Business & Industry*

## Saverline expanding long-distance service

Saverline Corp., 200 S. Eighth St., is expanding its discount long distance telephone service to Auburn, Kendallville and Crawfordsville, said Larry E. Butler, chairman of the board and chief executive officer.

The additions will bring the total number of communities served by the firm to 25.

"Our long-term goal is to provide Saverline ... to every Hoosier regardless of where they live in Indiana," Butler said in a prepared

release.

Saverline allows a customer to call anywhere in the continental United States, Puerto Rico or the Virgin Islands from any tone-emitting telephone.

Another service available from the firm, Travelnet, allows customers to call those same places at discount rates when away from home by first dialing a toll-free number. **AUG 6 1984**

*Saverline Corp.*

Community Affairs File

REFERENCE  
DO NOT CIRCULATE

Vigo County Public Library



*Saverline Corp.  
Business & Industry (WV)*

Community Affairs File

# Saverline sale of securities temporarily

~~F~~ AUG 20 1984

T 2 AUG 22 1984

## on hold

**By Jan Chait**  
*Tribune-Star Staff Reporter*

Saverline Corp.'s sale of securities was halted Aug. 10 after the firm failed to register and file reports of its financial condition with the Securities Division of the Indiana Secretary of State's office.

Saverline, 200 S. Eighth St., is a long-distance discount telephone service.

Larry E. Butler, Saverline's chief ex-

ecutive officer, said the offering has been "terminated temporarily — for about 30 days" and that his firm is in the process of preparing the report which was due Aug. 10.

"It [the offering] was terminated so the company could better define its niche in the market for better growth and expansion," Butler said.

The financial report "is probably 50 percent complete; when it is, it will be presented to the commission" and the firm will resume selling securities.

Philip McCool, chief deputy commissioner, said during a telephone interview Tuesday that firms must file regular financial reports in order to continue selling stock.

Saverline's report was to have been filed June 30, but the firm was granted a request for an extension until Aug. 10.

McCool said the division received a call Friday from attorney James Dobson, who is with the Indianapolis law firm of Ice Miller Donadio & Ryan, saying that Saverline will be filing a termination of

Community Affairs File

Vigo County Public Library

REFERENCE  
DO NOT CIRCULATE

registration.

"I expect the termination order any moment," McCool said Tuesday afternoon.

Once the termination of registration is filed, a company no longer has to file a statement of financial condition, although McCool said that technically the report due June 30 still must be filed.

"It's unlikely it will be filed," he said.

Saverline announced in mid-April that it intended to raise \$5 million by selling 625,000 shares of common stock at \$8 per share. Of that \$5 million, Saverline

planned to realize net proceeds of \$4.25 million.

McCool said that, according to a sales report filed June 30, the firm had raised \$67,000 through the offering.

Butler said that it was in the company's best interest that sales be terminated "before the offering got too far down the road. It was a corporate decision that, with expansion and other issues, there was no time to complete the report."



*Business & Industry (B/I)*

# Several workers 'sick,' others quit after Dorsey firing

1 s AUG 22 1984

*Community Affairs File*

termed the "phony flu." Whatever it is, a number of Saverline Corp. employees called in sick Tuesday and others submitted their resignations, apparently in reaction to the sudden firing Monday of the firm's 1983 Employee of the Year.

"It's true we had a few people call in sick," Larry E. Butler, the firm's chief executive officer, said Tuesday. "I think there are some unhappy employees. I don't know why. We're working to get to the bottom of it."

He said enough employees remained to "support the network and the overall operation of the company. Customers will not see any change in the quality of service they've been accustomed to."

Butler fired Lawrence E. Dorsey Jr., vice president of operations, Monday because, he said, Dorsey was insubordinate. He refused comment on the circumstances which led to Dorsey's alleged insubordination.

Nor would Dorsey say why he was fired. "I worked for the company for two years. I got the presidential award for employee of the year. I never had a review. I

never had a criticism," he said.

"I just got a 7 percent pay raise in July. It just doesn't seem right to me."

The firm's prospectus lists Dorsey's annual salary as \$32,501 for the year ended Feb. 29, and as \$40,000 for the year ending March 31, 1985.

Butler said that between 25 and 30 percent of his 30 employees called in sick Tuesday and a couple others submitted their resignations.

Several other sources said the number absent from work Tuesday reached the double-digit level, with four resignations and close to 20 calling in sick.

"We have the potential of a disgruntled employee trying to stir up a hornet's nest," Butler said. "Until I have a chance to discuss a proposed action with my board of directors ... I cannot comment one way or the other."

Butler emphasized Saverline is doing "everything in its power to insure quality and excellence of service. Quality and excellence of service is first and foremost in our minds."

*Saverline Corp*



**Metro**

Community Affairs File  
**Saverline  
workers  
still sick**

T - AUG 23 1984

By Jan Chait

Tribune-Star Staff Reporter

Saverline Corp., 200 S. Eighth St., a discount long-distance telephone service, apparently continued to operate Wednesday without a hitch — albeit with a skeleton crew.

Four employees submitted resignations Tuesday, including Charles J. Hutson, vice president of marketing. A number of others called in sick, apparently in reaction to the firing Monday of another employee.

Larry E. Butler, chief executive officer of the firm, said late Wednesday afternoon that "some employees returned today ... quite a number," but added that he did not know the specific number.

Other sources said they heard that two employees who had called in sick Tuesday returned Wednesday, and one of the two was told to return home.

Butler said Tuesday that he fired Lawrence E. Dorsey Jr., vice president of operations, for insubordination. He refused to comment on the circumstances leading to the firing.

Dorsey said Wednesday that he received a phone call from Butler at 4:50 p.m. Friday, 10 minutes before the office closed for the weekend, asking that a report on line utilization for the month of July be prepared by Monday morning.

"There is no such monthly report for several of the switches," Dorsey explained. "If they were available and if I had all the information, I would have had my people pitch in."

But, he said, "I didn't have all the reports and some were incorrect because of a computer malfunction."

Dorsey said Butler refused to discuss the situation and hung up.

Early Saturday morning, Dorsey said he went to the office in hopes of discussing the situation with Butler. "He wouldn't even speak to me," Dorsey said. "He walked in and walked out."

On Monday a meeting of the vice presidents was called and Butler "read his version of our conversation, which was that I outright refused," Dorsey said.

"I didn't agree. I said I told him I didn't think we could and we should discuss it."

Butler reportedly then asked for Dorsey's resignation. "I said I couldn't resign," Dorsey said. "I cared too much for the company. I'd given them two years, and I thought we could work it out."

Butler then allegedly told Dorsey that he was left with no alternative but to terminate him.

"That," Dorsey said, "was the end of the conversation."

*Saverline Corp*

Vigo County Public Library

REFERENCE  
DO NOT CIRCULATE

Community Affairs File

# Offer made to buy Saverline; accounting clerk resigns post

Community Affairs File

Ts AUG 24 1984

Business + Industry (W.U.)

By Jan Chait

Tribune-Star Staff Reporter

An unnamed party has offered to buy Saverline Corp., an offer which Larry E. Butler, chief executive officer of the discount long-distance service, termed ridiculous.

Butler said a proposal to buy the firm he founded in 1982 was presented to Saverline's board of directors Wednesday night. He said he did not know from whom the offer originated.

"There was an offer made. Let me rephrase that: There was a ridiculous offer made with unreasonable demands ... which I will not disclose for proprietary reasons," Butler said Thursday.

"It has been taken under consideration by the board of directors," he said.

Butler added that his directors

went on record as having total faith, support and devotion to the company and its management.

Management of the company is now minus two vice presidents, its accounts receivable and purchasing clerk and two others. Most of the remaining employees have been calling in sick since Tuesday.

On Monday, Butler fired Lawrence E. Dorsey Jr., vice president of operations. Butler says Dorsey was insubordinate. Dorsey says Butler made an unreasonable demand.

Charles J. Hutson, vice president of marketing, resigned Tuesday in reaction to Dorsey's firing and a number of other employees called in sick.

On Tuesday, Pat Burdette, accounts receivable and purchasing clerk, submitted her resignation.

Burdette said Thursday that although the concept of the company is "a terrific idea ... I've

worked for 22 years, and I've never worked in a place with as much secretiveness, tension and turmoil as there was there.

"You feel like you have to be constantly on your guard. You have to weigh every word you say; watch everything you do."

Butler said that personnel matters are internal and "I won't address [that issue] from this point forward."

Several sources say that, although technical personnel are still on the job, customer service and marketing staff have not reported to work.

Butler said that business is being conducted as usual at the company, and the personnel situation has not affected the firm's immediate expansion plans.

"Even with the personnel that's been sick, we have not altered our expansion plans," Butler said. "It's business as usual ... life goes on."

Saverline Corp

Community Affairs File

REFERENCE  
DO NOT CIRCULATE

Vigo County Public Library



Community Affairs File

*Business and Industry (W.V.)*

# Saverline 'outies' wondering when and if they'll get their paychecks

By Jan Chait

1's AUG 25 1984

Tribune-Star Staff Reporter

"Your check is in the mail" is not a joke with some Saverline Corp. employees who haven't yet received their pay.

Saverline, 200 S. Eighth St., is a discount long-distance telephone service.

Saverline workers are usually paid every second Friday, but the handful of employees who remained on the job this week received their checks Thursday, along with \$40 bonuses.

Larry E. Butler, chief executive officer of the firm, reportedly called the remaining employees together at 4:45 p.m. Thursday and handed out checks.

"But that was only for the ones who were there," said one person who resigned earlier this week. "Us 'outies' didn't get anything."

Several workers resigned and a number of others called in sick this week after Butler fired Lawrence E. Dorsey Jr., vice president of operations and Saverline's 1983 employee of the year.

Butler said Thursday he would no longer address questions about personnel matters and he could not be reached for comment Friday.

One employee said she was initially told her check was mailed Thursday and later told it had not been mailed. When she sent a representative in to get her check Friday, the representative was told the check had been mailed earlier that day.

Others who called Friday to ask

about receiving their pay were told the checks would be mailed that evening.

Another employee said he was first told he could get his check after 4 p.m. Friday, and later was told by Butler that the paycheck had been mailed Thursday evening.

He did not receive his pay in Friday's mail.

Another worker, one who called in sick and later resigned, went into the office and received a check with partial pay.

A note included with the check read: "As per employee handbook and board of director's direction: 'Sick pay shall only be paid in the event of illness.' Accordingly, your pay for this period does not reflect unsubstantiated illness."

*Saverline Corp*

Community Affairs File

Vigo County Public Library  
TERRE HAUTE, INDIANA

REFERENCE  
DO NOT CIRCULATE



*Buss + Ind (M.V.)*

Community Affairs File

# Saverline personnel begin returning to jobs

~~T. AUG 30 1984~~

By Jan Chait  
Tribune-Star Staff Reporter

Except for one employee who was fired and three who resigned, Saverline Corp. personnel returned to work this week, Larry E. Butler, chief executive officer of the firm, said Wednesday.

Following the Aug. 20 firing of Lawrence E. Dorsey Jr., vice president of operations, four persons submitted resignations and a majority of the remaining workers began calling in sick.

Charles J. Hutson, vice president of marketing, submitted his resignation the day after Dorsey was fired, and three other persons resigned after first calling in sick.

"One person who had originally resigned requested that the resignation be nullified," Butler said, adding that the remaining three "did not come back to work, nor will they come back to work."

Despite the personnel problems experienced by Saverline last week, customers were not inconvenienced by any service disruption, the discount long-distance

telephone service firm's founder said.

"There was absolutely no disruption of service. We continued the commitment we made to the public to provide quality service," he said.

The company has since undergone an internal reorganization which has "in essence strengthened our overall communications lines. People involved in the company are more proficient and it's a more efficient company as an entity."

Butler said there are no plans to replace either Dorsey or Hutson at this time.

*Saverline Corp*

Community Affairs File

REFERENCE  
DO NOT CIRCULATE

Vigo County Public Library

*Saverline*

## user charges

# Saverline telephone bills excessive, upstate

Community Affairs File

DUST - IND - (W.V.)

Ts SEP 15 1984

By Jan Chait

Tribune-Star Staff Reporter

Customers of Saverline Corp., which bills itself as "The Long Distance Difference," are finding a difference in charges on their latest bills. Differences in individual calls on an Elkhart customer's bills ranged from 2.1 percent to 15.5 percent higher than the previous billing.

In addition, a South Bend customer's August bill showed an overall charge that was 5.33 percent more than rates approved by the Indiana Public Service Commission on Aug. 21.

Robert Watson, business manager for Truth Publishing Co., said Friday that a sample analysis of The Elkhart Truth's August bill revealed that excess charges ranged from 2.1 percent for calls to Chicago to 15.5 percent for calls to Fort Wayne.

Rate increases on the newspaper's Saverline bill "varied all over the board, just all over the board," Watson said. "We couldn't see any rhyme or reason to it."

Watson said he telephoned Saverline's office to ask about the increase and was told it was a rate adjustment, not a rate increase, and that the firm was just passing on its costs.

Larry E. Butler, chief executive officer of the firm, refused to talk to The Tribune-Star about the rate change, but did tell a South Bend Tribune reporter that the changes were due to a computer error.

"Saverline customers in the South Bend and surrounding areas had bills calculated on an experimental rate structure for the billing period ended Aug. 31," reporter Paul Dodson said Butler told him Friday.

Statements "mistakenly billed to our South Bend-area customers ... have a minimal effect on each customer's bill and appropriate credit adjustments will be made on our customers' bills for the month

of September," Butler told Dodson. "We sincerely apologize for any inconvenience the situation may have caused."

Butler said the overcharge amounted to less than \$2,000.

An employee fired Aug. 20 by Butler said Butler asked him on Aug. 16 to change the rates for the Aug. 20 billing cycle.

"I objected and told him that I couldn't do it," Lawrence E. Dorsey said Friday.

Dorsey, who was Saverline's vice president for operations before he was fired for alleged insubordination, designed the firm's computer system.

He said Butler asked him to re-rate the three billing periods prior to August's "to find out how much additional revenue would have been generated. He wanted it done right away because he wanted them to go into effect by Aug. 20."

Saverline's computer automatically calculates rates on a daily basis, Dorsey said. "Programs don't change themselves; a programmer has to change the program. In fact, you have to go back and re-rate all of the calls that were made before the program change."

See related story, Page A3

Community Affairs File

REFERENCE  
DO NOT CIRCULATE

Vigo County Public Library



Community Affairs File  
BASTIND-100 V.W.  
**Saverline**

SEP 15 1984  
**ups rates  
yet again**

Saverline, a discount long-distance service with headquarters at 200 S. Eighth St., is registered with the Indiana Public Service Commission as a public utility. Because it is a public utility, any change in rates must first be approved by the regulatory agency.

A commission representative said this was not the first time Saverline has changed its rates without notification.

Rates approved by the PSC on Aug. 21 actually have been in effect since December 1983, Janet Sumderman, assistant public information director for the commission, said Friday.

From April 20, 1983, until Aug. 21, approved rates charged for in-state calls were 38 cents for the first minute and 29 cents for each additional minute for daytime calls, 25 cents and 18 cents for evening calls, and 15 cents and 12 cents for calls made at night and on weekends.

A PSC engineer's report written for a pre-hearing conference on the August rate change says: "It should be noted that discussions with the petitioner revealed that the proposed rates were placed in effect approximately December 1983. These proposed rates and charges have not been approved by the commission."

"Saverline claimed that they thought that once they had filed, and after a specified period, that they were allowed to" change rates without prior approval by the PSC, Sumderman said.

Saverline filed its petition for the rate change on March 1, three months after the rates in the accompanying chart were put into effect.

Also on Aug. 21, the PSC gave Saverline permission to allow a Travelnet service.

Travelnet allows Saverline's customers to place calls from anywhere within the continental United States, Puerto Rico or the Virgin Islands by first dialing a toll-free number. It was instituted by the firm in December 1983.

In-state rates were approved by the Public Service Commission on Aug. 21, 1984. Out-of-state rates are not regulated, and are printed for informational purposes.

**INDIANA RATES**

| Mileage | Day | Eve | Night/<br>Wkd |
|---------|-----|-----|---------------|
| 1-16    | .14 | .08 | .05           |
| 17-30   | .20 | .11 | .07           |
| 31-55   | .25 | .15 | .10           |
| 56-100  | .31 | .18 | .13           |
| 101-172 | .36 | .22 | .14           |
| 173-244 | .40 | .25 | .15           |
| 245-316 | .42 | .26 | .16           |

**OUT OF STATE**

|           |     |     |     |
|-----------|-----|-----|-----|
| 1-10      | .15 | .09 | .05 |
| 11-22     | .20 | .12 | .08 |
| 23-55     | .26 | .15 | .10 |
| 56-124    | .35 | .18 | .13 |
| 125-292   | .36 | .18 | .13 |
| 293-430   | .36 | .22 | .14 |
| 431-925   | .37 | .23 | .14 |
| 926-1910  | .39 | .23 | .15 |
| 1911-3000 | .40 | .24 | .16 |
| 3001-4250 | .45 | .26 | .18 |
| 4251-5750 | .45 | .26 | .18 |

Community Affairs File

REFERENCE  
DO NOT CIRCULATE

Vigo County Public Library



# Rate hike irks PSC, phone firm's ex-exec

By SUSAN CRITTENDEN  
Star Special Correspondent

Terre Haute, Ind. — A Terre Haute-based long distance telephone service with more than 4,000 customers throughout Indiana raised some rates to customers eight months before the Indiana Public Service Commission approved them.

The premature rate increase and some other actions by the 2-year-old Saverline Corp. have generated criticism of it by two former corporation officials and a PSC spokeswoman.

But Larry E. Butler, president and organizer of Saverline, said he believes the PSC is satisfied with the way his firm has charged customers. The PSC approved the new rate schedule in August.

There have been "no improprieties" and "everything the company has done has been above-board," Butler said.

**BUT THE TWO** former corporation officials maintain there are problems with the way corporation stock has been sold and the way the company has failed to keep customers adequately informed.

One of the officials recently was fired by Butler. The other resigned.

Saverline provides residential and business customers in 20 Indiana cities, including Indianapolis, with discount long-distance telephone service nationwide.

One of about 10 such companies operating in the state, Saverline charges customers a base \$7.50 a month and then bills them for calls they make at prices "approximately 15 percent to 45 percent lower than published telephone company rates," according to Saverline literature.

**THE PSC** was disturbed by the premature rate increase, said PSC spokeswoman Betsy A. Wells.

The increase is hard to define within Indiana because the company went from a flat per-minute rate to one based on distance. A six-minute daytime call to a city more than 100 miles away, for one example, cost from 18 percent to 30 percent more.



Butler



Hutson



Dorsey



Dalmbert

"The company thought the increase was insignificant, so they went through our engineering department. However, authorities ruled that there were some rate increases and there should be a hearing," Ms. Wells said.

Charles R. Mercer, an attorney in the state consumer counselor's office, said, "I didn't like the way it happened" and "everyone was upset."

Mercer and Saverline officials worked out a stipulated agreement on the rate change that the PSC approved in August.

**NOW, THERE** is no question that "the company (Saverline) should know there can be no rate increase without a full-blown hearing before the PSC," Mercer said.

Yet, Saverline customers in South Bend, Elkhart, Michigan City, LaPorte and Plymouth who re-

ceived bills mailed Aug. 30 were not advised that their bills contained a rate increase.

In fact, a company newsletter enclosed with the bills contained the previous rate schedule.

Butler said the company "mistakenly mailed" bills to customers in those cities that contained unapproved and unannounced rate increases. Employees had been calculating an experimental rate schedule and mistakenly mailed bills computed on that schedule, he said.

"Appropriate adjustments will be made," Butler said, adding that the computer error was not detected until after bills were mailed.

Charles J. Hutson, a former Saverline vice president in charge of marketing, estimated that one billing at the increased rates in these five cities could yield between \$15,000 and \$25,000 in added revenue for the company.

**HUTSON RESIGNED** from the corporation last month in the wake of the firing of another vice president, Lawrence E. Dorsey Jr., who was accused by Butler of insubordination.

Dorsey disputes Butler's claim that company bills mailed to customers in the northern part of the state Aug. 30 were incorrectly calculated because of a mistake.

"I was responsible for all data processing and I designed the billing programs. There is no way new rates could have been applied accidentally."

"A computer programmer had to change the computer programs and the entire billing file had to be re-rated for the rates to be changed. I'll be willing to take a lie detector test on that if Mr. Butler will."

**BUTLER CLAIMS** that former employees are trying to ruin Saverline and that "the credibility of the people (making allegations against the corporation) needs to be checked out."

The corporation is in a strong

See PHONE Page 17

*Saverline*



Continued from Page 11

financial position, Butler emphasized.

Dorsey, 40, was in charge of operations. He said he told Butler he could not have a report on July line utilization prepared during a weekend because all necessary data were not available. He was fired the following Monday.

Now Dorsey said he believes he may actually have been fired because he opposed the use of unauthorized rate increases.

"Larry Butler told me he wanted new rates in effect by Aug. 20. I objected because we had not given any notice to the Public Service Commission or our customers, and a rate increase like that would be retroactive billing, too.

**"THAT HAPPENED** on Thursday (Aug. 16); Friday, 10 minutes before closing, Butler asked me for the report, which I could not possibly prepare by Monday; and Monday he fired me for insubordination," Dorsey said.

Butler denied Dorsey's account as "totally untrue. I asked him to create an experimental file" to use if approved by the PSC.

About 20 of the company's 30 employees called in sick the day after Dorsey was fired. Eventually, five employees, including Hutson, 34, resigned in protest of the firing.

In early August, the securities division of the Indiana secretary of state's office halted sale of Saverline stock because the company failed to provide a copy of its annual report.

**SAVERLINE WAS** a privately held corporation until April, when it offered 625,000 shares of stock for sale at \$8 per share. Before the sale was stopped, 32 investors had purchased 9,875 shares, according to a spokesman for the secretary of state.

Financial information contained in the literature Saverline prepared to accompany its stock issue contain a number of errors, accountants who worked on the figures allege.

The net income is overestimated while the net loss is too low in unaudited financial reports in the prospectus, according to accountants who have worked at Saverline and asked not to be identified. They also maintain that audited figures in the document are not correct, either.

Dorsey and Hutson said their salaries at the time the prospectus was printed were already higher than the document projected their salaries would be for the year ending March 31, 1985.

**"THEY PROJECTED** we would make \$40,000 but we were already making \$48,000, and that was true with others too. Butler was already making \$110,000, although his projection was \$85,000 and another vice president, Eugene E. Davies, was making \$50,000 and projected to make \$42,000.

"They also left off the names of two or three employees who should have been included in the list because they were earning more than \$25,000.

"They were trying on purpose to hide what was going on," Hutson alleged. Dorsey agreed.

Butler defended facts and figures contained in the prospectus, stating that they were all accurate at the time the document was prepared.

**THE BOARD** of directors did approve a change in management compensation later, which resulted in revised salaries, Butler said. For the year ending February 1985, only those listed would have been paid more than \$25,000, he said, branding Hutson's allegations as untrue.

The secretary of state's office must approve both the prospectus and stock sales materials. However, after sales were not going well, company officials changed sales presentation documents, according to Hutson.

"Larry (Butler) came to me with changed sales prospectus materials, in his own handwriting. He told me to get it printed. I said 'We can't do that, it hasn't been reviewed or approved by the Securities Commission.'

"He said, and he pointed at me with his finger, 'You let me worry about that. You just get it printed.'

**"SINCE HE** had handled all the other dealings with the Securities Commission, I did it," Hutson said.

Among changes he cited were: inaccurate company sales results for April; incorrect credentials for Butler; unrealistic revenue projections and projected development of products and services not offered by the company.

Butler countered that there were no changes made in stock promotion materials and he claimed he did not have a conversation resembling the one described by Hutson.

Secretary of State Edwin J. Simcox said his office has not received any complaints from investors about Saverline. His office's Securities Commission usually takes mate-

rials pertaining to stock issues "at face value unless there is some indication of irregularities."

**"IF WE FIND** an impropriety while a sale is in progress, we would issue a cease and desist order," he said.

In the Saverline case, the firm requested that the date for submission of its audited annual report be extended from June 30 to Aug. 10. Simcox said this is a frequent and "typical" request and it was granted.

However, he added, "They did not meet the new date and they were told either to bring it in or we could terminate the sale. They (the corporation) terminated the issue."

Butler blamed his accounting firm for the delay. He said that an audited financial statement for the company covering its fiscal year ending March 31, 1984, still is "not back from the printer."

Robert L. Dalmbert, 53, a Columbus attorney, serves as a director and attorney for Saverline and owns some of its stock.

**"The company (Saverline) is in** good financial condition and growing. It is beginning to make up early losses," he said. He said it is not unusual for a corporation to have disgruntled former employees and there is no reason for Saverline to be on the defensive.



Saverline

Business & Industry (N.I.) - S  
that at all  
irs file

# Saverline firm's CPA isn't

Community Affairs

SEP 24 1984

By Jan Chait

Tribune-Star Staff Reporter

Eugene N. Davies is not and never has been a certified public accountant, the Indiana State Board of Public Accountancy says, even though the vice president of administration, secretary, chief financial officer and director of Saverline Corp. is identified as a certified public accountant in several documents issued by his firm.

Saverline Corp., 200 S. Eighth St., is a discount long-distance telephone service.

Davies passed his CPA examination in 1980, but the board requires that a person have three years' experience before it will issue a CPA license.

"Even if 36 months' experience has been gained by this time, he [Davies] probably won't get certified because of what happened in January," Henry W. Longfield, chairman of Indiana State University's Accounting Department and a member of the state board, said recently.

In January, Davies and Joseph C. Jett opened a CPA office at 1451 S. 18th St., although Davies didn't have his CPA authorization and Jett, who is a CPA, did not have a permit to practice.

Jett had not met continuing education requirements. He had signed a waiver saying he would not practice as a certified

public accountant.

"Sure, we were in technical violation, but we had both passed the exam," Jett said during a telephone interview Sunday. Attempts to reach Davies were unsuccessful.

"If I had gotten my permit to practice, we still would have been in noncompliance" because Davies had not received his certification, Jett said.

"I did not attempt to get a permit to practice; I was not going to do that until Gene got his certificate. We went ahead and practiced because we thought any day that we would be allowed to practice ... It was basically poor judgment on our parts."

Longfield, who at that time was chairman of the state board, filed a complaint against the partners and, on April 10, Davies said he would dissolve the practice and stop calling himself a certified public accountant, a spokesperson for the state board said.

However, an April 12 prospectus issued by Saverline, a corporate brochure mailed to the firm's customers on May 9, and stock sales materials filed with the Indiana Securities Division all identify Davies as a CPA.

Stock sales materials not filed with the Securities Division, but used in sales presentations — itself a violation of the Indiana securities law — identify Davies as

a CPA in two separate places.

"He's way out on a limb," Longfield said of Davies. Davies' certification was held off in April and May because of an investigation pending by the state attorney general's office.

That investigation culminated with Davies and Jett signing an assurance of voluntary compliance with the Marion County Circuit Court on Sept. 14 saying they would refrain from acting as certified public accountants.

Another complaint, this one against Davies alone, was filed Friday with the attorney general's office by Charles J. Hutson.

Hutson, who resigned as Saverline's vice president of marketing on Aug. 21, said he filed the complaint because Davies was misleading those who bought stock in the firm. Stock sales began in May but were discontinued Aug. 10.

"Gene Davies knew that he was not a certified public accountant, and allowed myself and several other people selling stock to represent him as a CPA, both in the company's corporate brochure and in the prospectus," Hutson said.

Larry E. Butler, chief executive officer of Saverline Corp., said "no comment" when asked if he would answer some questions about Davies.

Community Affairs File

Vigo County Public Library

REFERENCE  
DO NOT CIRCULATE



# Computer error gets blame for company rate increases

On Aug. 31, bills containing rate increases were mailed to Saverline customers in the South Bend area.

Butler told shareholders at Friday's meeting that those increases were due to a computer error and said appropriate credits were applied as soon as the mistake was realized.

After customers in northern Indiana received the bills, Robert Watson, business manager for Truth Publishing Co. called Saverline. Truth Publishing publishes the Elkhart Truth.

Watson said a customer-service representative told him Saverline had undergone a rate adjustment to pass along its costs. Later, Saverline issued a statement saying a mistake had been made.

In a prepared statement issued Sept. 14, Butler said the Aug. 31 billing was "calculated on an experimental rate structure," and "mistakenly mailed to our South Bend-area customers."

But a Saverline employee then involved with computer operations said the billing was no mistake. "I knew the billing process and I would have known if there was any kind of a computer error."

He said the data-processing manager told him Butler requested the rate increase.

"On Aug. 30, [the data-processing manager] told me that Mr. Butler had told him to use the new rerate for the Aug. 31 billing. He had to take the whole month's billing file and rerate the whole thing. It was probably a 12-hour job."

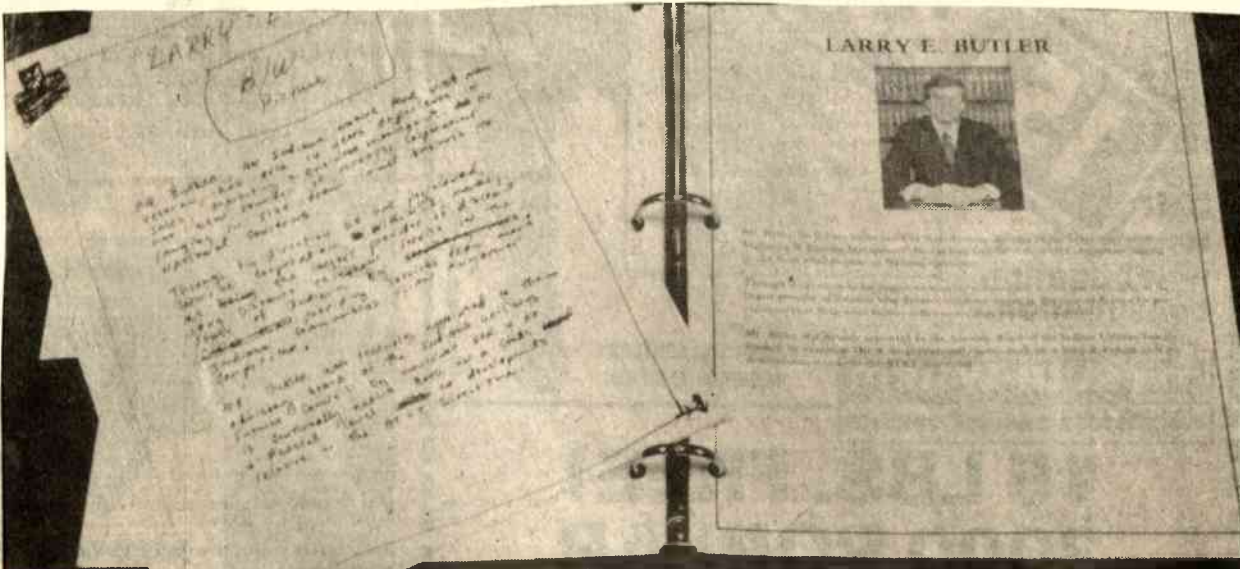
The computer operations employee said he was told Butler believed an increase of a fraction of a cent would go unnoticed.

On Sept. 3, he continued, Butler told the data-processing manager to change the rates back because he had not received approval from the Public Service Commission for the rate change.

Community Affairs File

REFERENCE  
DO NOT CIRCULATE

Vigo County Public Library



## Unapproved materials

Tribune-Star/Bonnie Jeffery

Text in Larry Butler's handwriting on the left corresponds with printed text in a presentation used to sell stock in Saverline Corp. Materials used were neither filed nor approved by the Indiana Securities Division. Saverline was

authorized in April to sell 625,000 shares of common stock at \$8 per share. The sale of stock was terminated Aug. 10 after Saverline failed to file an audited financial report with the division.



*(Business & Industry (W.V.))*

# Butler defends Saverline Corp.

Ts OCT 15 1984

By Jan Chait  
Tribune-Star Staff Reporter

Saverline Corp. has done nothing wrong, Larry E. Butler told shareholders at the firm's annual meeting Friday in Columbus. He attributed what he termed distorted comments printed about the company to "former, disgruntled employees."

"The majority of statements made in the press were weighted significantly against the company and, as might be expected, were being made by former, disgruntled employees," Butler told more than 20 persons attending the meeting. "From day one, our business has been conducted totally in an above-board manner, and there has been no wrongdoing on any front."

Saverline, 200 S. Eighth St., began operations two years ago. About 900 of its 4,500 customers are in Terre Haute.

In August, Butler fired Larry Dorsey, the firm's vice president of operations. That action resulted in several resignations and a "sick-out" by a majority of his 30 employees.

Also at that time, allegations of certain improprieties began to surface. Butler has consistently denied any improprieties have taken place.

At the shareholders' meeting Friday, Butler outlined several allegations which he said were important to clarify. Among those were allegations of improper disclosures in stock sales materials and new rates being illegally implemented in the South Bend area on the Aug. 31 billing.

In a story in the Sept. 16 Indianapolis Star, Butler denied charges that certain facts and figures in stock sales materials were incorrect and that changes were made in promotional materials.

He told shareholders that items contained in those materials were correct at the time of printing. He

failed to mention that Eugene Davies, the firm's chief financial officer, was listed as a certified public accountant. Davies received his certification Sept. 24, almost six months after the materials were printed.

Sales presentations approved by the Indiana Securities Division were not used and others were substituted in their place. Text submitted to the printer for at least one substitution was handwritten by Butler.

Approved sales materials contain text which was to have been printed on a box. Agents were to have used the box as a sales tool, Bruce Melcher, executive vice president of Saverline's advertising firm, Carlson and Co., said Friday.

Used instead was a three-ring binder. Sheets of graph paper with the changes in Butler's handwriting correspond with the text in the binder.

The actual sales script used began: "Mr. Prospect, I'm here to talk to you about something we are all vitally interested in — making money," said five persons who sold Saverline stock. That script was not approved by the Securities Division.

Phillip McCool, chief deputy commissioner for the division, said sales materials must be approved in order to protect the public. He also said persons who bought stock based on unapproved sales materials can file a complaint.

At Butler's instruction, questions voiced during Friday's meeting went unanswered.

Most shareholders at the meeting were supportive of Butler, but one said Butler's refusal to answer questions indicated the firm was trying to hide facts.

"You hear an accusation that financial statements are wrong and yet, when you try to address it at the meeting, they refuse to answer," the shareholder, who asked not to be identified, said.

See related story, Page A3

Community Affairs File

REFERENCE  
DO NOT CIRCULATE

Vigo County Public Library